

# City of Detroit


## CITY COUNCIL

IRVIN CORLEY, JR.  
FISCAL ANALYST  
(313) 224-1076

FISCAL ANALYSIS DIVISION  
Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 218  
Detroit, Michigan 48226  
FAX: (313) 224-2783  
E-Mail: [cc-fiscal@citydetroit.mi.us](mailto:cc-fiscal@citydetroit.mi.us)

ANNE MARIE LANGAN  
ASSISTANT FISCAL ANALYST  
(313) 224-1078

TO: Sheilah Johnson, Deputy Director  
Buildings and Safety Engineering Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director 

DATE: May 1, 2009

RE: 2009-2010 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2009-10 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Tuesday, May 5, 2009 at 3:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Pamela Scales, Budget Department Director  
Ron Chenault, Budget Department  
Joe Harris, Chief Financial Officer-Mayor's Office  
Arese Robinson, Mayor's Office

## **Buildings and Safety Engineering (13)**

### **FY 2009-10 Budget Analysis by the Fiscal Analysis Division**

#### **Summary**

Buildings and Safety Engineering (BS&E) is an enterprise agency. The recommended 2009-10 Budget is \$34.1 million, which is a \$1,659,381 (4.64%) decrease from the current year's budget. There is no Net Tax Cost for the department.

In accordance with PA 245 of 1999, BS&E is established as a special revenue fund in the city's Comprehensive Annual Financial Report (CAFR). The recommended budget reflects BS&E as an enterprise agency.

The department is recommended to receive a Block Grant appropriation of \$4.68 million, a decrease of \$473,609 (9.17%) for Demolition Administration.

#### **2008-09 Surplus/(Deficit)**

The Mayor anticipates neither a surplus nor deficit for BS&E for FY 2008-09.

#### **Overtime**

The overtime budget for current year is \$135,785. As of March 31, 2009, the department has spent \$191,945 on overtime in 2008-09, which is \$56,160 (41.35%) over the current year's budget. The recommended FY 2009-10 overtime budget is \$221,900.

#### **Personnel and Turnover Savings**

The Mayor has recommended the reduction of 13 City positions. The 13 reductions involve the elimination of vacant clerical positions in Licenses & Permits (7), and Property Maintenance and Enforcement (6).

The department has no budgeted turnover savings in FY 2009-10.

Following is information by appropriation comparing budgeted FY 2008-09 positions, March 31, 2009 filled positions and FY 2009-10 recommended positions.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2008-09</u>	<u>Filled Positions 3/31/2009</u>	<u>Mayor's Budget Positions FY 2009-10</u>	<u>Over/(Under) Actual to 08/09 Budget</u>	<u>Mayor's Recommended Turnover</u>
<b>Buildings &amp; Safety Eng. (13):</b>					
130310 Administration	17	13	17	(4)	\$ -
130312 Licenses & Permits	49	42	42	(7)	\$ -
130314 Plan Review	14	11	14	(3)	\$ -
<b>10814 Administration &amp; Licenses</b>	<b>80</b>	<b>66</b>	<b>73</b>	<b>(14)</b>	<b>\$ -</b>
130013 Show Cause Hearings	4	1	4	(3)	
130340 Mechanical	59	53	59	(6)	\$ -
130345 Housing Inspections	35	29	35	(6)	\$ -
130346 Buildings	34	25	34	(9)	\$ -

130347 Zoning	4	4	4	0	\$	-
<b>10815 Inspections</b>	<b>136</b>	<b>112</b>	<b>136</b>	<b>(24)</b>	<b>\$</b>	<b>-</b>
<b>10829 Demolition-B&amp;SE</b>	<b>31</b>	<b>29</b>	<b>31</b>	<b>(2)</b>	<b>\$</b>	<b>-</b>
<b>11110 Property Maintenance Enforcement</b>	<b>87</b>	<b>67</b>	<b>81</b>	<b>(20)</b>	<b>\$</b>	<b>-</b>
13XXXX Cost Center Not on File	0	0	0	0	\$	-
13XXXX Leave of Absence	0	0	0	0	\$	-
13XXXX Worker's Comp.	0	(3)	0	(3)	\$	-
13XXXX Unmatched Positions	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>\$</u>	<u>-</u>
<b>TOTAL</b>	<b><u>334</u></b>	<b><u>272</u></b>	<b><u>321</u></b>	<b><u>(62)</u></b>	<b><u>\$</u></b>	<b><u>-</u></b>

### Significant Funding by Appropriation

#### Appro.      Program

10814	Administration & Licenses	Appropriation decreases by \$1.37 million in FY 2009-10. The increase is due primarily to the net decrease of several accounts. Professional contractual services costs are eliminated at \$968,923, an \$184,638 decrease in salary & wages and a \$23,623 in employee benefits, which includes the cost of the elimination of seven (7) positions from Licenses & Permits; a \$236,319 decrease in operating service and a \$10,029 reduction due to the elimination of fixed charges. The decreases are offset by a \$48,466 increase in other expenses, a \$3,000 increase in operating supplies and a \$500 increase in capital equipment.
10815	Inspections	This appropriation increases by \$370,581, due primarily to an \$191,223 increase in org. 130346 Buildings, a \$183,892 increase in org. 13040 Mechanical, a \$48,831 increase in org. 130345 Housing/Inspections and a \$12,359 increase in org. 130347 Zoning. The increase is offset by a \$65,724 decrease in org. 130013 Show Cause Hearings.
11110	Prop. Maint. Enforcement	This appropriation decreases by \$184,787 in the 2009-10 FY. The decrease is due primarily to a \$166,598 decrease in salaries-full time and a \$20,000 decrease in miscellaneous expenses. The decrease is offset by a slight \$1,811 increase in employee benefits.
10829	Demolition-Adm-BS&E	Appropriation decreases by \$473,609 (9.17%) due to various decreases in several accounts. The decrease reflects the overall decrease in Block Grant dollars anticipated for BS&E in the 2009-10 FY.

## Significant Revenue Changes by Appropriation and Source

### Appro.    Program

10814	Administration & Licenses	This revenue appropriation decreases by \$478,746. The decrease is due primarily to an anticipated \$388,000 reduction in Licenses and Permits revenue and a \$91,000 reduction in anticipated Other Licenses & Permits, offset by a \$254 increase in Other Fees.
10815	Inspections	This revenue appropriation increases by \$521,000. The increase is due primarily to an anticipated \$932,000 increase in Safety Inspections Charges and an \$88,000 increase in Business Licenses, offset by a \$409,000 reduction in Other Licenses & Permits and a \$90,000 reduction in Other Professional Occupational Licenses.
11110	Prop. Maint.	This revenue appropriation decreases by \$1,228,026. The decrease is due to a \$732,000 decrease in Safety Inspection Charges and a \$496,026 decrease in Civil Infraction fines.
10829	Demolition	This revenue decreases by \$473,609 in BS&E Block Grant dollars for FY 2009-10.

### **Buildings and Safety Engineering (13)**

Budgeted Professional and Contractual Services by Activity	FY 2008-09 Budget	FY 2009-10 Recommended	Increase (Decrease)
Administration & Licenses	\$ 968,923	\$ -	\$ (968,923)
Inspection Services	\$ 221,393	\$ 107,300	\$ -
Demolition Administration	2,691,285	2,006,618	(684,667)
<b>Total</b>	<b><u>\$ 3,881,601</u></b>	<b><u>\$ 2,113,918</u></b>	<b><u>\$ (1,767,683)</u></b>

Professional and Contractual Services decrease by \$1.76 million (45.54%) for BS&E in the 2009-10 FY.

### Questions and Issues

Overall, as of April 1, 2009, the department has 62 vacant positions. The Mayor has recommended the elimination of 13 vacant positions, still leaving 49 vacancies. Coincidentally, however, for the past two years at this time, the department has had 41 vacancies, therefore leaving the department with more vacancies this year.

- What are the vacant positions and are they fully funded for the 2009-10 FY?
- Why weren't the 49 vacancies above the Mayor's recommended reductions filled in the current fiscal year or removed from the department's budget?
- Does the department plan to fill the aforementioned 49 vacancies? If yes, how soon?

- Are there any layoffs planned for BS&E?

The department has implemented the Tidemark system for much of its financial activity. To-date how successful has the system performed in the following areas:

- Interfacing with the City's DRMS financial system
- Permit tracking
- Billing activity
- Account receivable collections

## **Page 13- 2- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW**

### **Major Initiatives For FY 2008-09**

One of the initiatives involve implementing a system that will permit the collection of funds in the field for outstanding fees by license investigators in order to generate more revenue for the division.

- What is the status of this initiative?
- What safeguards are in place to insure that field collections for outstanding fees are recorded accurately?
- What impact if any has this initiative had on revenue collections for outstanding fees?

### **Page 13- 3 Planning for the Future For FY 2009-10, FY 2010-11 and Beyond**

Regarding the collections of delinquent accounts, the department indicates it will aggressively pursue all means to insure that the 36<sup>th</sup> District Court hears more cases relating to the department's judgments.

- What methods is the department pursuing to accomplish this stated goal?
- So far, how has this initiative impacted revenues?
- Annually, what is projected impact of this initiative on the collection of delinquent revenue?

## **Page 13- 4- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW**

<b>Outputs:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
<b>Building Permits issued</b>	<b>Actual</b>	<b>Actual</b>	<b>Projection</b>	<b>Target</b>
<b>Private Demolition</b>	1,056	1,200	1,200	2,000

- For the chart above, Private Demolition is anticipated to increase by 800 (67%) according to the target for 2009-10. Given the anticipated increase, will the department have enough inspectors on staff to insure that the private contractors follow City demolition regulations?

- What impact will the Neighborhood Stabilization Program have on this projection?

**Page 13- 9 INSPECTION SERVICES FOR PROPERTY MAINTENANCE DIVISION/  
MEASURES AND TARGETS –**

<b>Goals: Measures</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Projection</b>	<b>2009-10 Target</b>
Number of Commercial Property Maintenance Inspections	22,560	21,526	<b>22,440</b>	<b>2,600</b>

- The 2009-10 target listed above is anticipated to decrease significantly. Is 2,600 an accurate figure for the 2009-10 FY? If so, what's the department's rationale for such a significant decrease for the upcoming fiscal year?
- What is the projected impact on revenue?

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Inspections revenue is projected to increase by \$521,000 in the 2009-10 FY, to \$10,060,000.

- Given the fact that actual revenue collections in the Inspections revenue category were \$8,656,290 in 2007-08, what is the rationale for increasing this revenue by \$521,000 from \$9,539,000 to \$10,060,000 in the 2009-10 FY?

Please provide a list of all fees and charges made by the Buildings and Safety Engineering Department. Include the amount of the current fee or charge. Indicate when the fee or charge was last changed, and the amount of the change. Indicate if the fee or charge was reviewed as part of the city-wide fee study conducted by Maximus. If the fee was included in the study what was the recommendation? Has the recommendation been implemented? If not, provide an explanation of why the recommendation was not implemented?

Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are. Example, the Mayor's Office has established a non-profit organization in connection with the soon to be renamed, Next Detroit Neighborhood Initiative Program.

Does the department use any automated or electronic systems not directly linked to the financial reporting system, DRMS? If so, identify what those systems are, and what are the plans and timetable to incorporate the system into DRMS. For example, the Recreation Department has a Recreation Activity Fund whose financial records are maintained separately from the DRMS system

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